

be determined by us. Early, late, Sunday and holiday deliveries will be required. Time is of the essence in the delivery of hogs under this Agreement.

(e) You agree to the following:

(1) To maintain certification at Level III of the Pork Quality Assurance Program, a Hazard Analysis and Critical Control Points ("HACCP") program of America's Pork Producers, or the highest Level of such PQA Program established in the future within six months of the Program change establishing such Level;

(2) To comply with any HACCP or quality program established by us or any governmental agency, and any change in such a program, within six months of the establishment of the program or the change;

(3) To allow us to inspect your hogs and facilities during normal business hours on reasonable notice to you;

(4) To demonstrate to us at all times the ability to produce hogs in the quantity and of the quality required during the term of this Agreement;

(5) To demonstrate your financial soundness to us at all times and provide us evidence thereof upon our request, and to provide us written notice of any default by you under any loan agreement with your lender(s), regardless of whether such default is declared by the lender(s);

(6) To allow us to inspect all of your production and financial records relating to this Agreement during normal business hours on reasonable notice to you; and

(7) To provide us a complete set of your financial statements and production information on an annual basis and at any time upon our request, and complete any standard financial or production report that we request.

## 6. OUR OBLIGATIONS.

(a) We agree to pay you for contracted hogs as set forth in paragraph 3 for the entire term of this Agreement.

(b) We will inspect, sort and weigh carcasses at our plant.

(c) We will keep all necessary records with respect to receipt, weighing and payment for all carcasses in accordance with our regular record retention and destruction schedule. We currently retain all P&L's and checks for two years. Upon giving us reasonable notice, you may inspect such records relating to your hogs during normal business hours at locations designated by us. We will supply at your expense copies of such records as you reasonably request.

## 7. DEFAULT; TERMINATION.

(a) For purposes of this Agreement, a party is in "Default" if such party:

(1) Breaches this Agreement and such breach remains uncured twenty (20) days after receipt from the non-defaulting party of a written notice specifying the breach;